

Headquarters U.S. Air Force

Integrity - Service - Excellence

Utility Energy Service Contracts



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Overview

- **Approval process**
- **Submittal requirements**
- **Guidelines**



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Approval Process

- **All third party financed projects must be approved by the AF Civil Engineer (AF/A7C)**
 - **30 Oct 07 Memo “Energy Savings Performance and Utility Energy Service Contracts Policy**
- **Approval process**
 - **Installation**
 - **MAJCOM Energy Office**
 - **HQ AFCESA**
 - **AF/A7C (Headquarters Air Force)**



Submittal Requirements

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Approval Package Information

- Confirmation that no other funds are available
- Upfront investment and cost over time
- Anticipated term length
- Expected financing rates
- Details for each Energy Conservation Measure (ECM)



Submittal Requirements

Details For Each ECM

- **Title**
- **Description**
- **Anticipated investment cost**
- **Anticipated repayment cost**
- **Energy savings (MMbtu)**
- **Cost avoidance calculation for each ECM**
- **Buyout details**



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Submittal Requirements

Cost Avoidance Calculation for Each ECM

- **Utility Cost**
- **Energy and demand reduction**
- **O&M savings**



Project Economics

- **Ten year payback no longer required**
- **10 USC 2865 replaced with 10 USC 2911 and 2913, new language:**
 - **Do projects that “demonstrate an economic return on investment”**
- **Limit the term of the agreement to life expectancy of equipment**



Use of Appropriated Funds (APF)

- **Appropriated Funds may be used for UESC projects**
- **10 USC 2913: authority option to finance; not requirement to finance**
- **“If an agreement under this subsection provides for a utility to advance financing costs ”**
- **A7C approval not required for APF**



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UESC & Utility Contracts

■ Questions and Comments



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BACKUP SLIDES



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Who is a UESC Provider?

- **Utility: Local utility serving the installation**
- **Excluded**
 - **Utility privatization contractor (non-utility)**
 - **Natural gas commodity supplier (DESC)**
 - **Electric commodity supplier**



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How is an ESCO Sub Selected

- **ESCO subcontractors**
 - **To be selected based on: competition, quality of work, etc (Model Agreement GC.7)**
 - **Selected with due process**
- **Agreement executed with utility (not an ESCO)**





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UESC for a building that has not been constructed?

New construction

- **Do not use UESC to improve facilities that have not been constructed**
 - **Baseline/savings calculations**
 - **“repair by replacement” – 10 USC 2865**
- **Original design should be life cycle cost effective**